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Mr. Paul Argyropoulos
Senior Policy Advisor
Office of Transportation & Air Quality
US Environmental Protection Agency

Sent via electronic mail: argyropoulos.paul@epa.gov

Dear Mr. Argyropoulos:

Earlier this year Mr. Ben Sweat, Poet Ethanol Products, LLC wrote to request that the EPA allow RBOB and fuel ethanol to be blended using blender pumps at retail gasoline stations. API presumes Mr. Sweat's reference to "fuel ethanol" to mean denatured fuel ethanol (E97 or 98), for which case API has concerns about the safety of POET's request. Even if "fuel ethanol" was meant to be a lower percentage ethanol than denatured ethanol, API still has concerns about the effect of such retail blending on the quality of fuels sold to consumers, the oversight and enforcement programs associated with registered oxygenate blenders, and the effect of such blending on obligated parties' compliance with Renewable Fuels Standards requirements.

"Blender pumps" allow consumers to choose the volume percentage of ethanol in the fuel they purchase, from blend percentages preset by the retail station operator. Similar technology has been used for many years to blend mid-grade gasoline from premium and regular gasoline at retail outlets. However, for many reasons identified below the risks and costs associated with dispensers that blend denatured fuel ethanol into gasoline are different and much greater than those that blend different gasoline octane grades.

1. Poet suggests that RBOB and fuel ethanol be stored separately at the retail station and then blended together at the dispenser to manufacture E10 (or E15 when approved). Storing and blending denatured fuel ethanol at fuel dispensing facilities presents serious safety concerns. DOE studies have shown that storing denatured fuel ethanol can create a flammable headspace in USTs.¹ Further, there are no fuel dispensers or hanging hardware listed by Underwriters Laboratories as required by OSHA to dispense denatured fuel ethanol and

¹ "An Experimental and Modeling Study on the Flammability of Fuel Tank Headspace Vapors from Ethanol/Gasoline Fuels: Phase 3: Effects of Winter Gasoline Volatility and Ethanol Content on Blend Flammability; Flammability Limits of Denatured Ethanol," Nexum Research Corporation, Report # 100111, February 2011

some states prohibit the storage or sale of unfinished fuel components or the shipment of such products from terminals.²

2. Higher level ethanol blends stored in underground storage tank (UST) systems raise fuel quality and compatibility concerns. Regarding compatibility, the EPA states: “[M]ost UST systems currently in use are likely to contain components that were not designed to store ethanol blends beyond 10 percent.”³ From a fuel quality perspective, these blends, especially above E50, raise concerns regarding the need for water mitigation that, if not properly addressed, could lead to off-spec product. Further, manufacturing alternative fuels at the retail station could result in fuel that does not meet the ASTM specification for E85.

Given the Department of Agriculture’s announced program to install 10,000 blender pumps, it appears likely that Poet’s request would also be applied to the manufacture of alternative fuels – E20, E30, E40 and/or E85 – at the retail station. Consequently, the EPA must consider the possible implications to using blender pumps to make these alternative fuels.

3. POET’s request is inconsistent with the federal Renewable Fuels Standards program and is likely to result in market inefficiencies and higher costs. The majority of obligated parties under Renewable Fuels Standards are not ethanol producers and own only a small fraction of the branded retail sites that sell their fuels. Retail ethanol blenders choosing not to incur the regulatory burden that comes with RIN generation for blends above E10 (or later above E15) could significantly impact obligated parties’ ability to meet their RFS obligations. Disassociating the products that allow RFS obligated parties to fulfill compliance obligations does not make good public policy.

API believes blender pumps are not appropriate for use in retail applications as requested by POET given the current legislative and regulatory scheme and the above issues API has outlined. State and federal initiatives promoting blender pumps should not go forward until these issues are addressed with appropriate stakeholder input. Any blender pump configuration must ensure compliance with all appropriate regulatory requirements and fuel quality standards.

² 29 CFR 1910.106(g)(3)(iv)(b)(1), “Only listed devices may be used for dispensing Class I liquids. No such device may be used if it shows evidence of having been dismantled.”

³ Compatibility of Underground Storage Tank Systems With Biofuel Blends, 75 Federal Register 70243



Ethanol blending at the retail-level as requested by POET could create safety concerns, jeopardize fuel quality, significantly increase supply chain complexity and potentially increase costs. If you have questions about these positions please contact Prentiss Searles at searlesp@api.org or at 202/682-8227.

Sincerely,

A handwritten signature in dark ink, appearing to read "Prentiss Searles", written in a cursive style.